

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04 TAR-01

TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01 XMB-04

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TO SECSTATE WASHDC 1622

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TAGS: EFIN, EIND, EINV, NG

SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 165596

1. THE GOVERNMENT OF NIGER WELCOMES FOREIGN DIRECT INVESTMENT. THE VOLUME OF INVESTMENT REMAINS LIMITED HOWEVER BECAUSE OF THE SMALLNESS OF THE DOMESTIC MARKET, AN ACUTE SHORTAGE OF SKILLED LABOR, THE HIGH COSTS OF ENERGY, AND PROHIBITIVE TRANSPORT COSTS FOR IMPORTED CAPITAL GOODS AND EXPORTS. THE GOVERNMENTS OF DIORI HAMANI (1960-1974) AND SEYNI KOUNTCHE (1974-PRESENT) HAVE NOT NATIONALIZED ANY PRIVATE FOREIGN INVESTMENTS AND HAVE IMPOSED FEW RESTRICTIONS ON THE OPERATIONS OF PRIVATE COMPANIES WITHIN NIGER.

2. A NEW INVESTMENT CODE PROMULGATED IN MARCH 1974 PROVIDES TWO MAIN KINDS OF INVESTMENT INCENTIVE. FIRST, THERE ARE INCENTIVES FOR INVESTMENTS OF AT LEAST \$230,000 IN THE FIELDS OF ENERGY PRODUCTION; MINERAL EXPLORATION, PRODUCTION AND PROCESSING; FERTILIZER PRODUCTION;
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CONSUMER GOODS PRODUCTION OR ASSEMBLY; FORESTRY

AND AGRICULTURAL PRODUCT PROCESSING; INDUSTRIAL FARMING, HUSBANDRY AND FISHING; TEXTILES; AND HOTELS. IN THE CASE OF THE LATTER INVESTMENT MUST EXCEED \$500,000. FOR A PERIOD OF FOUR TO TEN YEARS SUCH INVESTMENTS ARE EXONERATED FROM ALL TAXES ON PROFITS AND IMPORTS, WHILE ENJOYING UP TO TWO-THIRDS REDUCTION IN TURN-OVER TAXES AND A 50 PERCENT REDUCTION IN EXPORT TAXES. TARIFF PROTECTION IS ALSO AVAILABLE.

3. SECOND, ANY DIRECT FOREIGN INVESTMENT OVER \$2.3 MILLION OR CREATING AT LEAST 500 NEW JOBS OR CONTRIBUTING AN ANNUAL VALUE ADDED OF \$2.3 MILLION QUALIFIES FOR THE SAME INCENTIVES BUT FOR A PERIOD OF TIME RANGING FROM 10 TO 15 YEARS.

4. NIGER PLACES FEW RESTRICTIONS ON POTENTIAL INVESTORS. IT REQUESTS FOREIGN FIRMS TO USE LOCAL RAW MATERIALS, EMPLOY NIGERIENS AND INSTITUTE TRAINING PROGRAMS, BUT DOES NOT ALWAYS REQUIRE THEM TO DO SO. PROFITS AND SALARIES CAN BE FREELY REPATRIATED. SMALL SCALE INDUSTRIES AND GENERAL COMMERCE ARE RESERVED FOR NIGERIENS. POTENTIAL INVESTORS CAN EXPECT TO NEGOTIATE DIRECTLY WITH THE GOVERNMENT. RECENTLY THE GOVERNMENT HAS TAKEN MORE INTEREST IN SECURING EQUITY PARTICIPATION IN FOREIGN INVESTMENT SCHEMES, WITH THE FOREIGN INVESTOR REQUIRED TO FINANCE THE GOVERNMENT'S SHARE.

5. AN INVESTMENT GUARANTIES AGREEMENT BETWEEN THE GOVERNMENT OF NIGER AND THE U.S. GOVERNMENT WAS SIGNED ON APRIL 26, 1962. OPIC'S POLITICAL RISK INSURANCE IS AVAILABLE FOR NIGER BUT THE THREE AMERICAN FIRMS HOLDING THIS INSURANCE HAVE MADE NO CLAIMS.

6. US DIRECT PRIVATE INVESTMENT IN NIGER IS LIMITED TO EXPENDITURES FOR PETROLEUM AND MINERALS EXPLORATION.

A. PETROLEUM

1) TEXACO-EXXON	12,000,000
2) SUN GLOBAL OIL	3,500,000

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3) CONTINENTAL OIL	1,000,000
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B. MINERALS EXPLORATION

1) CONTINENTAL OIL	2,000,000
2) ESSEX IRON	175,000

TOTAL VALUE US INVESTMENT 18,675,000

SOURCE: OIL COMPANY OFFICIALS, NIGERIEIN MINISTRY OF NINES,
EMBASSY ESTIMATES.

7. DIRECT INVESTMENT IN US BY NIGER--1974 WAS NIL.

8. DIRECT INVESTMENT BY ALL COUNTRIES--1974:

A. TOTAL, INLUDING U.S. 102,500,000

B. OTHER COUNTRIES

1) FRANCE	50,000,000
2) GERMANY	8,000,000
3) JAPAN	8,000,000
4) EGYPT	5,000,000
ALL OTHERS	15,000,000

THESE ARE EMBASSY ESTIMATES.HECK

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